

AMENDED IN SENATE AUGUST 2, 2010

AMENDED IN SENATE JUNE 15, 2010

AMENDED IN ASSEMBLY JUNE 1, 2010

AMENDED IN ASSEMBLY APRIL 27, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2605

Introduced by Committee on Accountability and Administrative Review (De La Torre (Chair), ~~Audra Strickland (Vice Chair)~~; Arambula, ~~Tom Berryhill~~, Block, Buchanan, Caballero, ~~Fletcher~~, Huber, Jones, Bonnie Lowenthal, and V. Manuel Pérez, and Villines)

February 19, 2010

An act to amend Section 14670.13 of the Government Code, relating to state property, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2605, as amended, Committee on Accountability and Administrative Review. State property: sales.

(1) Existing law, enacted in 2009, authorized the sale or lease of specified real property or buildings, or both, in Los Angeles, Oakland, Rancho Cordova, Sacramento, San Francisco, and Santa Rosa. Existing law authorizes the Director of General Services to determine the terms and conditions that are to be imposed upon that sale or lease, for the best interests of the state.

This bill would require the Director of General Services, at least 30 days prior to executing a transaction for a sale or lease as described

above, to submit to the chairs of the fiscal committees of the Legislature an analysis of the transaction comparing the costs and benefits to the state of a sale or lease of the real property or building to continued ownership over a 50-year period. The bill would prohibit the real property or buildings from being sold or leased until the Legislature determines that the transaction is in the best interests of the state, makes a finding to this effect, and explicitly authorizes the sale by statute.

(2) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14670.13 of the Government Code is
2 amended to read:

3 14670.13. (a) Notwithstanding any other law, but subject to
4 the conditions specified in subdivisions (c) and (e), the Department
5 of General Services may enter into a sale or long-term lease of the
6 properties specified in subdivision (b). A sale or long-term lease
7 entered into pursuant to this section may include an option for the
8 state to repurchase that property or building, or both. Subject to
9 the limitations of this section, the Director of General Services
10 may determine the other terms and conditions that shall be imposed
11 upon that sale or lease, for the best interests of the state. Any sale
12 of property pursuant to this section shall be for no less than fair
13 market value.

14 (b) Subject to the conditions specified in subdivisions (c) and
15 (e), the Department of General Services may enter into a sale or
16 long-term lease pursuant to this section for any, or all, of the
17 following real properties or buildings, or both:

18 (1) The Attorney General Building located at 1300 I Street in
19 the City of Sacramento.

20 (2) The California Emergency Management Agency Building
21 located at 3650 Schriever Avenue in the City of Rancho Cordova.

22 (3) The Capitol Area East End Complex, located in the City of
23 Sacramento, at all of the following locations:

24 (A) Block 225 located at 1430 N Street in the City of
25 Sacramento.

1 (B) Block 171 located at 1501 Capitol Avenue in the City of
2 Sacramento.

3 (C) Block 172 located at 1500 Capitol Avenue in the City of
4 Sacramento.

5 (D) Block 173 located at 1615 Capitol Avenue in the City of
6 Sacramento.

7 (E) Block 174 located at 1616 Capitol Avenue in the City of
8 Sacramento.

9 (F) The parking facility located at 1214 17th Street in the City
10 of Sacramento.

11 (4) The Elihu M. Harris Building located at 1515 Clay Street
12 in the City of Oakland.

13 (5) The Franchise Tax Board Complex located at 9645
14 Butterfield Way in the City of Sacramento.

15 (6) The San Francisco Civic Center, also known as the Earl
16 Warren/Hiram Johnson Building, at both of the following locations:

17 (A) 350 McAllister Street in the City and County of San
18 Francisco.

19 (B) 455 Golden Gate Avenue in the City and County of San
20 Francisco.

21 (7) The New Junipero Serra State Building located at 320 West
22 4th Street in the City of Los Angeles.

23 (8) The Department of Justice Building located at 4949
24 Broadway in the City of Sacramento.

25 (9) The Public Utilities Commission Building, also known as
26 the Governor Edmund G. "Pat" Brown Building, located at 505
27 Van Ness Avenue in the City and County of San Francisco.

28 (10) The Judge Joseph A. Rattigan Building located at 50 D
29 Street in the City of Santa Rosa.

30 (11) The Ronald Reagan State Building located at 300 South
31 Spring Street in the City of Los Angeles.

32 (c) (1) The Legislature hereby finds and declares it may be
33 infeasible to sell or lease the real property or buildings listed in
34 subdivision (b), if the real property or buildings have outstanding
35 lease-revenue bonds due to bond covenants, market disclosure
36 issues, and federal tax regulations and the bonds cannot be defeased
37 or otherwise retired.

38 (2) If the proceeds of a sale subject to this section will be used
39 to defease or otherwise retire lease-revenue bonds on real property
40 or a building listed in subdivision (b), the proceeds in an amount

1 necessary to defease or retire the bonds are hereby appropriated
2 to the Department of General Services, and the Department of
3 General Services may sell that building or real property pursuant
4 to this section, including a fee simple sale or the sale of a lesser
5 property interest, such as a long-term lease of the real property,
6 only if the issuer and trustee for the bonds approves the sale
7 transaction and this approval takes into consideration, among other
8 things, that the proposed sale transaction will not breach any
9 covenant or obligation of the issuer or trustee.

10 (d) The disposition of the real properties or buildings, or both,
11 pursuant to this section does not constitute a sale or other
12 disposition of surplus state property within the meaning of Section
13 9 of Article III of the California Constitution and shall not be
14 subject to subdivision (g) of Section 11011.

15 (e) (1) Thirty days prior to executing a transaction for a sale or
16 lease of any of the real property or buildings listed in subdivision
17 (b), the Director of General Services shall report to the chairs of
18 the fiscal committees of the Legislature the terms and conditions
19 of the transaction, including, but not limited to, the financial terms.

20 (2) At least 30 days prior to executing a transaction for a sale
21 or lease of any of the real property or buildings listed in subdivision
22 (b), the Director of General Services shall submit to the
23 chairpersons of the fiscal committees of the Legislature an analysis
24 of the transaction comparing the costs and benefits to the state of
25 a sale or lease of the real property or building to the continued
26 ownership of the real property or building over a 50-year period.
27 The real property or buildings shall not be sold or leased until the
28 Legislature determines that the transaction is in the best interests
29 of the state, makes a finding to this effect, and explicitly authorizes
30 the sale by statute.

31 (f) Commencing in 2010, on or before June 30 of each year
32 following the enactment of this section, the Director of General
33 Services shall report the status of any completed or pending sales
34 *sale made* pursuant to this section to the fiscal committees of the
35 Legislature.

36 (g) (1) The Department of General Services shall be reimbursed
37 for any reasonable costs or expenses incurred pursuant to this
38 section.

39 (2) All issuer- and trustee-related costs of reviewing any
40 proposed sale transaction, and all costs related to the defeasance

1 or other retirement of any bonds, including the cost of nationally
2 recognized bond counsel, shall be paid from the proceeds of a sale
3 or lease conducted pursuant to this section.

4 (3) The Department of General Services shall deposit in the
5 General Fund the net proceeds from the sale or long-term lease of
6 the real properties or buildings leases, or both, made pursuant to
7 this section, after deducting the amount of reimbursement for costs
8 incurred pursuant to this section or the reimbursement of
9 adjustments to the General Fund loan.

10 (h) (1) The disposition of state real property or buildings
11 specified in subdivision (b) that are made on an “as is” basis shall
12 be exempt from Chapter 3 (commencing with Section 21100) to
13 Chapter 6 (commencing with Section 21165), inclusive, of Division
14 13 of the Public Resources Code. Upon title to the parcel vesting
15 in the purchaser or transferee of the property, the purchaser or
16 transferee shall be subject to any local governmental land use
17 entitlement approval requirements and to Chapter 3 (commencing
18 with Section 21100) to Chapter 6 (commencing with Section
19 21165), inclusive, of Division 13 of the Public Resources Code.

20 (2) If the disposition of state real property or buildings specified
21 in subdivision (b) is not made on an “as is” basis and close of
22 escrow is contingent on the satisfaction of a local governmental
23 land use entitlement approval requirement or compliance by the
24 local government with Chapter 3 (commencing with Section 21100)
25 to Chapter 6 (commencing with Section 21165), inclusive, of
26 Division 13 of the Public Resources Code, the execution of the
27 purchase and sale agreement or of the exchange agreement by all
28 parties to the agreement shall be exempt from Chapter 3
29 (commencing with Section 21100) to Chapter 6 (commencing with
30 Section 21165), inclusive, of Division 13 of the Public Resources
31 Code.

32 (3) For the purposes of this subdivision, “disposition” means
33 the sale, lease or repurchase of state property or buildings specified
34 in subdivision (b).

35 SEC. 2. This act is an urgency statute necessary for the
36 immediate preservation of the public peace, health, or safety within
37 the meaning of Article IV of the Constitution and shall go into
38 immediate effect. The facts constituting the necessity are:

39 In order that the Legislature may review the costs and benefits
40 of the proposed sale or lease of buildings described in Section

- 1 14670.13 of the Government Code before the Department of
- 2 General Services acts to sell or lease the buildings, it is necessary
- 3 that this bill go into immediate effect.

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